BizOps Case Study

Summary

Jobber is planning to change its pricing structure, which will affect some of our customers currently on the platform, as well as all new customers moving forward. Currently we have a complicated pricing model based on product usage and the number of users. To make things simpler, we're moving to a fixed price model, segmented by the size of the company.

What we are looking for:
1. Qualitative: A project brief on the steps which should be considered by Jobber prior to rolling out the pricing change. This is purposely left open-ended to allow for creativity and flexibility; feel free to make assumptions.

2. Quantitative: Financial analysis of the impact to our existing customer portfolio as well as some forecasting - see attached *mock data* and details below for some guidance.
   a. For each customer currently in the portfolio, calculate the Monthly Recurring Revenue (MRR) on the old as well as the new pricing model.
      i. Describe your findings of what the change in pricing model will do to these customers and Jobber's financials.
      ii. In your model, show what happens with these customers over the next 3 years.
   b. What does the overall portfolio look like in terms of # of customers and MRR over the next 3 years, including account growth and churn?

Expected Output
- Project brief should be submitted as a ppt, doc or pdf; google docs is fine.
- Financial analysis should be submitted as an excel file, but can be calculated in any environment. Try to show as much of your work as possible. Please summarize your findings in an additional page attached to the project brief.

Details for the Quantitative Assessment

Current Pricing:
- Base Fee: $50/month if billed monthly, $30/month if billed annually
- The plan comes with 1 user, and each additional one costs $8/user
- SMS Reminders: $10/month
- Accounting Sync: $10/month
- Chemical Tracking: $5/month
- ePayments: $5/month

New Pricing:

- There are now three plans, based on the # of users:
    - Core: $70/month, for up to 2 users
    - Connect: $130/month, for 3-10 users
    - Unlimited: $260/month, for 11+ users
- For the model, we can assume the product features are the same for all three plans, and there is no discounting available.

Assumptions:

- Grandfathering: For the quantitative assessment, assume that there is no grandfathering. All current customers will be moving over to the new model.
- Customer's Revenue Growth (growth in the revenue of each account): 25% YOY
- Churn:
    - If Customer Revenue is less than $100K annually, then assume 20% churn on average.
    - If Customer Revenue is between $100K and $300K annually, then assume 15% churn on average.
    - If Customer Revenue is greater than $300K annually, then assume 10% churn on average.
- Our Account Growth (growth in the # of customers):
    - Core level accounts grow 40% YOY
    - Connect level accounts grow 30% YOY
    - Unlimited level accounts grow 20% YOY
- If you need to make any additional assumptions, please ensure to list them alongside your analysis.

Glossary:

- **Monthly Recurring Revenue (MRR):** As it sounds, this is the total monthly subscription fee paid by the customer to Jobber.
- **Churn**: The annual percentage rate at which customers stop subscribing to a service.